



# Offers in Compromise

*For individuals and businesses  
with closed accounts who  
cannot pay the full tax  
or fee balance they owe*



State Board of Equalization  
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**T**his brochure explains the Board of Equalization's Offers in Compromise Program, which provides a payment alternative for individuals and businesses who have closed out their accounts with our agency.

## What is an offer in compromise?

An *offer in compromise* (OIC) is a proposal to pay us an amount that is less than the full tax or fee liability due on a closed account. If you make an offer and we accept it, you will no longer be liable for the full amount due and we will release any related tax liens.

## May I make an offer?

You may make an offer in compromise if you

- Have a tax or fee liability on a closed account,
- Are no longer associated with the business that incurred the liability or a similar business,
- Do not dispute the amount of tax or fee you owe, and
- Cannot pay the full amount you owe in a reasonable amount of time.

## Which offers are accepted?

Generally, we will recommend acceptance of your offer if we find that the amount you propose to pay represents the maximum amount we can expect to collect from you in a reasonable period of time, typically five to seven years. We will *not* accept your offer if you have assets or income available to fully pay your liability.

## How do I apply?

You must complete an *Offer in Compromise Application* (form BOE-490 for individuals; BOE-490C for all others). After completing the application, you should submit it along with supporting documentation (described in the application) to the local district office or department that handled your account (see reverse). That office will forward your request to our Offers in Compromise Section for evaluation. You are not required to submit any payment with your offer.

## When will I get an answer?

We will send you an acknowledgment letter after we receive your application. We do our best to review your offer and make a recommendation within 180 days of receiving your completed application. The process will take longer if your application is incomplete or if we need additional information.

*Please note:* If you are making payments under an installment payment agreement or earnings-withhold order, you must continue these payments while we review your offer. Generally, we will not initiate new collection action while your offer is pending, unless delaying collection activity jeopardizes our ability to collect the tax.

## How are offers evaluated?

We will evaluate your offer based on the facts and circumstances of your liability and financial situation. The following factors are considered:

- Your ability to pay
- The amount of equity in your assets
- Your present and future income and expenses
- Whether your circumstances are likely to change

- Whether your tax liability was due to tax evasion or fraud

We will use both public and private sources of information to verify your financial condition.

## When do I pay?

If our OIC Section recommends acceptance of your offer, staff will contact you in writing and ask you to pay the full amount you proposed. You must pay this amount *in full* before final evaluation of your offer.

Your payment will be held as a deposit while the final reviews take place.

## What are the final steps?

After the OIC Section recommends acceptance of your offer and you have made the payment described above, your case will be decided by Board of Equalization management or the elected Members of the Board. For some tax programs, the Attorney General's Office makes the final decision. If your offer is approved, we will notify you in writing and release any liens we hold on your assets.

If your offer is not approved, we will notify you in writing. We may also recommend an alternative course of action that is appropriate for your situation. We will also refund your deposit, without interest.

## Where can I get an OIC application form?

Forms are available from the district or department handling your account, our website, and our Information Center. See reverse for contact information.



## More OIC Details

*If my offer is turned down because of my financial situation, are there other options for resolving my tax liability?*

Yes. We can discuss your account with you and determine the most appropriate resolution. For example, if we determine that you could make monthly payments over time that would exceed the amount of your offer, we will work with you to establish an installment payment agreement.

*My IRS/FTB/EDD OIC has been accepted. Will the Board automatically approve my offer?*

No. We will evaluate your offer in the manner described in this brochure.

*Can I make payments on the offered amount?*

No. We require full payment of the offered amount.

*Will my prior payments be credited toward the amount of my offer?*

No. While we will take prior payments into account when evaluating your offer, they will not be credited toward the total amount you offer.

*If my offer is denied, can I choose to apply my deposit to my tax liability?*

Yes. If you choose to do so, the date you made the deposit will count as the effective date of your payment. However, if the deposit was posted by a third party, you must obtain their written approval before we can apply the payment to your liability.

## For More Information

**Internet:** [www.boe.ca.gov/oic/oicomp.htm](http://www.boe.ca.gov/oic/oicomp.htm)

**Information Center:** 800-400-7115

**TDD/TTY:** 800-735-2929

Representatives can assist you weekdays 8-5, except state holidays

## Offers in Compromise Section

916-322-7931

## Sales and Use Tax Field Offices

|               |     |          |
|---------------|-----|----------|
| Bakersfield   | 661 | 395-2880 |
| Culver City   | 310 | 342-1000 |
| Fresno        | 559 | 248-4219 |
| Laguna Hills  | 949 | 461-5711 |
| Norwalk       | 562 | 466-1694 |
| Oakland       | 510 | 622-4100 |
| Rancho Mirage | 760 | 346-8096 |
| Redding       | 530 | 224-4729 |
| Riverside     | 951 | 680-6400 |
| Sacramento    | 916 | 227-6700 |
| Salinas       | 831 | 443-3003 |
| San Diego     | 619 | 525-4526 |
| San Francisco | 415 | 703-5400 |
| San Jose      | 408 | 277-1231 |
| San Marcos    | 760 | 510-5850 |
| Santa Ana     | 714 | 558-4059 |
| Santa Rosa    | 707 | 576-2100 |
| Suisun City   | 707 | 428-2041 |
| Van Nuys      | 818 | 904-2300 |
| Ventura       | 805 | 677-2700 |
| West Covina   | 626 | 480-7200 |

## For Out-of-State Accounts

|                         |     |          |
|-------------------------|-----|----------|
| Centralized Collections | 916 | 445-3670 |
|-------------------------|-----|----------|

## Other Taxes and Fees

|                          |     |          |
|--------------------------|-----|----------|
| Fuel Taxes               | 916 | 322-9669 |
| Excise Taxes             | 800 | 400-7115 |
| Environmental Fees       | 916 | 323-9555 |
| Timber Yield Tax         | 916 | 445-6964 |
| Private Railroad Car Tax | 916 | 327-2739 |

## Taxpayers' Rights Advocate

|                 |     |          |
|-----------------|-----|----------|
| Call toll-free: | 888 | 324-2798 |
|-----------------|-----|----------|